



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

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OLYMPIA, November 15, 2007 --- The General Fund-State revenue forecast has been reduced by \$132.4 million for the combined 2005-07 and 2007-09 biennia. The new national and state economic forecasts are similar to the forecasts adopted in September and the forecasts for most of the state's major revenue sources are little changed. However, the value of transactions subject to the real estate excise tax has dropped more precipitously than expected in September. The decline in the forecast for the real estate excise tax accounts for nearly all the overall forecast revision.

The November 2007 forecast for the 2007-09 biennium is \$29,886.4 million, which is \$130.4 million lower than expected in the September forecast. Of \$130.4 million reduction, \$124.4 million is due to the lower forecast for the real estate excise tax. There was also a \$2.0 million downward adjustment to the revenue total for the 2005-07 biennium resulting in a \$132.4 million forecast reduction for the two biennia combined.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2007-09 biennium. The forecast based on more optimistic economic assumptions netted \$1,112 million (3.7 percent) more revenue in the 2007-09 biennium than did the baseline while the pessimistic alternative was \$1,163 million (3.9 percent) lower. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$243 million (0.8 percent) less revenue in the 2007-09 biennium than did the baseline forecast.

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